

Ned Lamont

FOR U.S. SENATE
www.nedlamont.com

November 2, 2006

Office of General Counsel
Federal Election Commission
999 E Street NW
Washington, DC 20463

RE Amended Factual Supplement Regarding Friends of Joe Lieberman
(Committee ID: C00235515)

Dear General Counsel

Please accept this letter as an amended factual supplement regarding the apparent violation of Title 11 of the Code of Federal Regulations, section 102.11 (Petty Cash Fund), as well as, Title 2 of the United States Code § 434(b)(5) (Receipts and Disbursements by Treasurers of Political Committee; Filing Requirements), by the Friends of Joe Lieberman committee, and Joseph I. Lieberman, individually. As detailed in my October 23, 2006 complaint (attached hereto), the Lieberman committee has failed to account for more than \$387,000.00 in supposed petty cash expenditures. Since the filing of this complaint, additional facts have been brought to light which further confirm the need for immediate action by your office. Those additional facts are as follows.

Additional Facts Evidencing the Misuse of Funds Beyond the \$387,561.00 in Supposed Petty Cash Disbursements

Title 11 C.F.R. §102.11 (2 U.S.C. 432(h)(2)) (Petty Cash Fund) provides, in pertinent part, that "[a] political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100 to any person per purchase or transaction." While the \$387,561.00 in supposed petty cash disbursements have prompted the nonpartisan Public Campaign Action Fund to note that "[n]o other senatorial campaign that we know of has ever left undisclosed to the public a sum as large as this," Chairman Pete MacDowell, Public Campaign Action Fund, Letter to Joseph I. Lieberman (Oct. 30, 2006), the events of the past week evidence that the amount of unaccounted for expenditures from the Lieberman campaign actually exceed \$387,561.00.

The New Haven Register reported today that "[Tomas] Reyes [of Oxford] and another man, Daryl Brooks of New Haven, who ran a consultant service, said they each got one check from the campaign for their services, but they are listed in the third quarter campaign finance report as getting two checks, for a total of twice what the men said they

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received " M. E. O'Leary, Register Topics Editor, New Haven Register (Nov. 2, 2006)
 "The report lists Reyes as getting two checks for \$8,250, one on Aug. 4 and one on Aug
 15 Brooks received \$12,200 on Aug. 11 and another check for the same amount on Aug
 15, according to the Lieberman report. Both men said this was inaccurate " *Id* Thus,
 the amount of unaccounted for expenditures from the Lieberman campaign is now at least
 \$408,011 00

**Additional Facts Further Evidencing the Failure to Itemize Supposed
 Disbursements in Excess of \$200.00**

Section 2 USCS § 434(b)(5) (Receipts and Disbursements by Treasurers of
 Political Committee; Filing Requirements) mandates the "identification of each person"
 including the "name and address of each [person]" to whom "an expenditure in an
 aggregate amount or value in excess of \$ 200 within the calendar year is made by the
 reporting committee to meet a candidate or committee operating expense, together with
 the date, amount, and purpose of such operating expenditure " *See also* FEC Responses
 to Frequently Asked Questions available at http://www.fec.gov/support/faq_sofi.shtml.
 ("If one of these people eventually goes over \$200 and requires itemization, their
 transaction amounts must be removed from the lump-sum unitemized transaction and
 entered into their own record . . .")

The New Haven Register's report establishes that "[s]everal young men, who
 were paid \$60 a day out of [the supposed] petty cash [fund] to canvass in Bridgeport, said
 they were paid in cash for aggregate earnings over \$200 " M. E. O'Leary, Register
 Topics Editor, New Haven Register (Nov 2, 2006)

Specifically, "Rob Dhanda, 18, of Stratford, said he earned \$480 in cash over
 several weeks, while Walter Ruilova, 18, also of Stratford, said his total was an estimated
 \$360 in cash. *Id* Moreover, "Ruilova estimated there were about 30 teenagers working
 out of the Bridgeport office, each earning \$60 a day in cash, over a few weeks." *Id*

None of these disbursements are itemized in any of the Lieberman Committee's
 reports and we therefore submit that the foregoing constitutes a patent violation of federal
 law

Additional Facts Further Evidencing the Failure to Maintain a Written Journal

Title 11 C.F.R. §102.11 (2 U.S.C. 432(h)(2)) (Petty Cash Fund) provides that "[i]f
 a petty cash fund is maintained, it shall be the duty of the treasurer of the political
 committee to keep and maintain a written journal of all disbursements. This written
 journal shall include the name and address of every person to whom any disbursement is
 made, as well as the date, amount, and purpose of such disbursement."

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As further chronicled in today's Register, Tomas Reyes "said he has yet to be asked by the campaign to turn over material for the journal, which would justify expenditures of \$8,250 "

It is simply not possible to comply with the foregoing regulation if the Lieberman campaign has not even made an effort to collect the information that may (or may not) exist to maintain the journal.

The committee filed incorrect reports. Petty cash is not supposed to be disclosed until it is distributed. Until such time it is part of a committee's cash on hand. Thus, by reporting the creation of petty cash instead of the actual disbursement of the petty cash, this may have artificially deflated their disclosure of cash on hand.

Conclusion

The Lieberman campaign's flagrant disregard for these laws and regulations calls for the immediate investigation of this matter by your office to ensure that the voters of Connecticut can be fairly informed about the conduct of their elected officials.

I would appreciate you contacting me confirm receipt of this amended complaint.

I thank you in advance for your attention to this pressing matter.

Sincerely Yours,



Tom Swan

Subscribed and sworn to by [insert name] before me on [insert date], in [venue] County, Connecticut

Signature of notary Cynthia F. Graham

Printed name of notary Cynthia F. Graham

County of Commission New Haven

Commission Expiration Date

CYNTHIA F. GRAHAM
 NOTARY PUBLIC
 MY COMMISSION EXPIRES APR. 01, 2011

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http://www.nhregister.com/site/index.cfm?newid=17410370&BRD=1281&PAG=461&dept_id=517515&rt=8

Lamont files an FEC complaint over Lieberman's expenditure of petty cash

Mary E. O'Leary, Register Topics Editor

11/02/2006

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A review of the use of consultant services by Sen. Joseph L. Lieberman's campaign, which in turn dispensed large amounts of petty cash, raises questions about the practice

Lieberman's Democratic opponent, Ned Lamont, has filed a complaint with the Federal Election Commission over the \$387,000 in petty cash the senator spent in the waning days before the August Democratic primary.

Political committees may make expenditures of not more than \$100 to any person or for a transaction out of the petty cash fund and are required to keep a written journal documenting the payments

The campaign has said it is under no legal obligation to release the journal and has no plans to do so. Lieberman also said their attorney has assured him that they have done nothing illegal.

"To me, this is just a political trick," Lieberman said of the complaint filed by the Lamont campaign

But interviews with some of the people who were brought in to help get out the vote for the campaign in the two weeks before the hotly contested Aug. 8 primary described situations that appear to be at odds with some campaign finance requirements

At least one man who was hired as a consultant, Tomas Reyes of Oxford, said he has yet to be asked by the campaign to turn over material for the journal, which would justify expenditures of \$8,250.

The FEC requires the treasurer of the political committee to keep a written journal of all disbursements out of petty cash, including names, addresses, dates and purposes.

The campaign failed to make campaign manager Sherry Brown available for an interview on the campaign report and the status of the journal. Treasurer Lynn Fusco also failed to return phone calls seeking comment.

Also, Reyes and another man, Daryl Brooks of New Haven, who ran a consultant service, said they each got one check from the campaign for their services, but they are listed in the third quarter campaign finance report as getting two checks, for a total of twice what

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the men said they received

The report lists Keyes as getting two checks for \$8,250, one on Aug. 4 and one on Aug. 15. Brooks received \$12,200 on Aug. 11 and another check for the same amount on Aug. 15, according to the Lieberman report. Both men said this was inaccurate

Several young men, who were paid \$60 a day out of petty cash to canvass in Bridgeport, said they were paid in cash for aggregate earnings over \$200

Rob Dhanda, 18, of Stratford, said he earned \$480 in cash over several weeks, while Walter Rmlova, 18, also of Stratford, said his total was an estimated \$360 in cash. Rmlova estimated there were about 30 teenagers working out of the Bridgeport office, each earning \$60 a day in cash, over a few weeks

Michelle Ryan, a spokeswoman for the FEC, would not comment on specifics of the Lamont complaint, but said "in terms of itemization, it is required once the aggregate total to a recipient is in excess of \$200 "

Lieberman answered an inquiry about releasing the journal, by pointing to his history of compliance with campaign rules

"I have an unblemished record of compliance with election laws. I always tell my staff at the beginning, whatever you do, just totally follow the law. I've never received anything approaching even a fine," the senator said in a recent interview.

The size of the petty cash involved raised eyebrows with the nonpartisan Public Campaign Action Fund, which asked the campaign to go beyond the legal requirements and disclose the particulars of the expenditures

"No other senatorial campaign that we know of has ever left undisclosed to the public a sum as large as this," said the fund's board Chairman Pete MacDowell, in a letter to the senator this week.

He said the issue could impact future elections if the campaign found a new loophole and is setting a precedent "of opening up a serious breach in the campaign finance disclosure laws."

Mary E. O'Leary can be reached at 789-5731 or moleary@nhregister.com

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